Tax free status off maturity proceeds off Bima Nivesh

2702. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Insurance Companies both in public and private sector have represented Government to retain tax free status of maturity proceeds of insurance policies such as Bima Nivesh etc.

(b) if so, the details thereof; and

(c) the decision taken by Government on the representations?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) Yes, Sir.

(b) The Finance Bill 2003 has proposed an amendment to withdraw the exemption under section 10(1 OD) of the Income-tax Act to any sum received under an insurance policy in respect of which the premium paid in any of the years during the term of the policy exceeds 20% of the actual sum assured. In the repesentations received, request has been made for withdrawal of the proposed amendment.

(c) The matter is under consideration and the Government's response, if any, will be reflected in the Government-moved amendments to the Finance Bill 2003.

Floating of special purpose vehicles by States

2703. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Central Government have asked State Governments not to float Special Purpose Vehicles without its approval;

(b) if so, the details in this regard;

(c) what are the States' contingent liabilities as on 31st March, 2003 and their percentage to GDP; and

(d) the steps being taken to help States to reduce the contingent liabilities?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) No, Sir.

(b) Does not arise.

(c) The contingent liabilities of 17 major States as on 31st March, 2002 is Rs. 166,116 crores constituting 7.2% of GDR

(d) To enable fiscal consolidation, Government of India have enjoined States to draw up Medium Term Fiscal Reforms Programmes (MTFRP) which projected to bring down the consolidated debt of States. The build-up of debt and issuance of guarantees in future has been strictly capped by the MTFRPs and require specific permission of Government of India under Article 293(3) of the Constitution.

The Reserve Bank of India has also issued instructions to Banks and Financial Institutions to limit exposure to State Guaranteed loans within prudential norms. Banks and Financial Institutions are expected to apply due diligence, appraise the credit worthiness of the borrowings entities.

High stamp duty for registration of property

2704. SHRI BACHANI LEKHRAJ: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the reasons for keeping Stamp Duty for the registration of the property *i.e.* flats, apartments, plots so high;

(b) the reasons for the registration rates varying from State to State; and

(c) the steps Government propose to take against those who do not get their property registered?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) to (c) Stamp duty for the registration of the property *i.e.* flats, apartments, plots falls within the purview of instrument *viz.* "conveyance". This is a State instrument and therefore, any increase or decrease of rates thereon is within the legislative competence of the State Government *vide* Entry 63 of